

Message Text

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ACTION IO-14

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-02

INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15

ICA-20 EB-08 COME-00 TRSE-00 OMB-01 AID-05 /105 W

-----054091 280506Z /23

R 271519Z JUN 78

FM USMISSION GENEVA

TO AMEMBASSY BERN

INFO SECSTATE WASHDC 1381

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION USUN NEW YORK

UNCLAS GENEVA 09755

PARIS FOR NESCO; ROME FOR FODAG

E.O. 11652: N/A

TAGS: AORG, UN

SUBJ: UN FINANCES: INFLATION RATE IN SWITZERLAND

1. A SIGNIFICANT FACTOR IN THE INCREASES IN THE BUDGETS OF INTERNATIONAL ORGANIZATIONS HAS BEEN COST INCREASES DUE TO INFLATION AND CURRENCY FLUCTUATIONS. IN SEPTEMBER OF THIS YEAR A MEETING OF THE ADMINISTRATIVE HEADS OF THE UN AGENCIES WILL CONSIDER INFLATION AND EXCHANGE RATES TO BE USED THIS FALL IN PREPARING 1980 AND 1981 BUDGETS.

2. IT IS THE US POSITION THAT INFLATION AND EXCHANGE RATES USED BY INTERNATIONAL ORGANIZATIONS SHOULD BE BASED UPON REALISTIC FORECASTS OF FUTURE RATES, TAKING INTO ACCOUNT TRENDS AND FORECASTS BY OTHER AUTHORITIES.

3. THE CONSUMER PRICE INDEX FOR SWITZERLAND, WHILE AN UNCLASSIFIED

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IMPORTANT YARDSTICK AND USED FOR POST ADJUSTMENTS, IS NOT A COMPLETELY SATISFACTORY MEASURE OF INFLATION FOR INTERNATIONAL ORGANIZATIONS. FOR ONE THING, INFLATION IN GENEVA TENDS TO BE SOMEWHAT HIGHER THAN IN THE REST OF SWITZERLAND. SECONDLY, THE CPI INCLUDES ITEMS THAT ARE NOT FULLY APPLICABLE TO INTERNATIONAL ORGANIZATIONS, WHOSE SPACE COSTS ARE NOT THE SAME AS THE RENT FIGURES

USED IN THE CPI AND WHOSE SALARY LEVELS ARE CALCULATED ON DIFFERENT BASES. HOWEVER, THE CPI INCLUDES A FACTOR FOR HEAT AND UTILITIES, WHICH IN APRIL OF THIS YEAR WAS 92.7 (100.0 IS SEPTEMBER, 1977). ONE OF THE FACTORS FOR THE DROP IN WHOLESALE PRICES TO 143.8 IN APRIL (100.0 IS 1963) WAS THE COST OF PAPER, WHICH IS AN IMPORTANT COST IN INTERNATIONAL ORGANIZATIONS.

4. IN ORDER TO ESTABLISH A SOUND POSITION ON THE RATES THAT COULD BE CONSIDERED REALISTIC FOR SWITZERLAND, MISSION IS ENDEAVORING TO COLLECT ALL AVAILABLE INFORMATION. IT IS THEREFORE REQUESTED THAT, AS EMBASSY BECOMES AWARE OF USEFUL INFORMATION, IT BE FORWARDED TO THE MISSION. VANDEN HEUVEL

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Message Attributes

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Disposition Event:
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